

# City of Detroit

## CITY COUNCIL

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TO: Curtis Hertel, Executive Director  
Detroit/Wayne County Port Authority

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 27, 2007

RE: 2007-2008 Budget Analysis

dy.

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General  
Roger Short, Finance Director  
Pamela Scales, Budget Director  
Renee Short, Budget Manager  
Kandia Milton, Mayor's Office

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## Port Authority / Non-Departmental (35)

### FY 2007-2008 Budget Analysis by the Fiscal Analysis Division

#### Summary

In 1925, the legislature passed Public Act 234, the Port Districts Act, authorizing the creation of Port Districts to spearhead the coordination of regional maritime activities. In 1933, the Detroit Wayne County Port District was established with jurisdiction over the waters and shoreline of Wayne County. As more development began to take place, a stronger need for concentration on port activities arose, resulting in the establishment of the Detroit/Wayne County Port Authority in 1978 through Public Act 639 of 1978.

The first organizational board meeting was held October 10, 1980 and Henry Ford, II served as the first chairman of the Detroit/Wayne County Port Authority board of directors.

The Port Authority has a five-member board of directors with one member appointed by the State of Michigan, two by Wayne County and two by the City of Detroit. Funding for the Port Authority is provided by the State of Michigan, Wayne County and the City of Detroit. Greater Detroit Foreign Trade Zone, Inc. is funded through fees paid by the foreign trade zone general-purpose zones and subzones. The Greater Detroit Foreign Trade Zone, Inc. is a separate non-profit Michigan corporation administered by the Port Authority.

#### Funding the Operating Budget of the Port Authority

- The Act provides language that sets in place how funding for operations will occur. After the authority submits a detailed budget estimate to the governing bodies of the government units, the state shall provide 50% of the operating budget and the other 50% shall be funded equally by the participating county and city. The Act also has language to provide for the authority to return any surplus funds after a fiscal year ends.

In the current fiscal year the state provided \$500,000, the county provided \$315,000 and the city funded \$250,000. These are the same requests for the 2007-2008 fiscal year.

The exact language from the act is as follows:

#### **120.124 Operating budget.**

**Sec. 24.** (1) The authority shall submit in writing a detailed estimate of the budget required for the business and conduct of an authority's affairs, initially,



for a 2-year period, and annually thereafter to the governing bodies of its constituent units, the department of commerce, and the department of state highways and transportation for approval. The state shall provide 50% of the operating budget of the authority, to be included in the department of state highways and transportation budget which shall be subject to legislative approval. Fifty percent of the operating budget of an authority in which not more than 1 county and not more than 1 city participate shall be funded equally by the participating county and city.

(2) A city or county creating or participating in an authority may appropriate for the use of the authority, and include in its levy for general fund purposes, an amount considered proper. However, the total amount permitted by law to be levied by a city or county for general fund purposes shall not be considered increased by this section.

(3) As used in this section, "operating budget" means solely operation and maintenance expenses of an authority not included in the cost of a specific project, and interest on notes, but excludes amounts for debt service on bonds and amounts for acquisition, construction, enlargement, improvement, or extension of port facilities.

#### **120.125 Surplus of unencumbered funds; disposition.**

**Sec. 25.** If at the end of a fiscal year a surplus of unencumbered funds remains after providing for the operating expenses of an authority, the authority may pay that surplus into the general funds of the state and of its constituent units in the same proportion which the appropriations made by each to the authority bear to each other.

- The Act also allows the authority to issue revenue bonds so as to provide funds for paying for port facilities or for paying for any improvements of projects under the control of the authority. These bonds are not considered debt of the state or the other constituent unit, but shall be paid solely from the revenue or income to be derived from the projects. There are some instances that bonds may be sold and the state and other constituent units may agree to provide reimbursement of those bonds.

The exact language from the act is as follows:

#### **120.114 Revenue bonds; applicability of revenue bond act; revenue bonds payable solely from revenues or income.**

**Sec. 14.** (1) An authority may provide by resolution for the issuance of revenue bonds of the authority for the purpose of providing funds for paying the cost of



port facilities, or for paying the cost of an extension, enlargement, or improvement of a project then under the control of the authority. The bonds issued under this section shall mature at a time or times, not exceeding 40 years after their date of issuance, as the authority may provide.

(2) Revenue bonds issued under this section are subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(3) Revenue bonds issued pursuant to this section shall not be considered to constitute a debt of this state, a political subdivision of this state, the authority, or any constituent unit, or a pledge of the faith and credit of this state or a political subdivision of this state or of the authority or any constituent unit, but shall be payable solely from the revenues or income to be derived from the projects. The revenue bonds shall contain on their face a statement to the effect that the bonds and attached coupons are payable solely from revenues and are not a general obligation of this state, a political subdivision of this state, the authority, or a constituent unit, and neither the faith and credit nor the taxing power of this state, a political subdivision of this state, the authority, or a constituent unit, is pledged to the payment of the principal of or the interest on the bonds.

**120.118 Additional bonds for acquisition of port facilities; authorization; resolution; issuance and execution of bonds; seal; negotiable instruments; maturities; payment; tax exemption; issuance of bonds or notes subject to revised municipal finance act.**

**Sec. 18.** (1) In addition to the bonds authorized in section 14, bonds may be issued for the purpose of acquiring port facilities, as follows:

(a) By the issuance of bonds in anticipation of payments to become due under contracts by which 1 or more constituent units agree to pay to an authority operating under this act certain sums toward the cost of the acquisition, improvement, enlargement, or extension of a project that may be made under this act. Contracts are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(b) By money advanced by an authority operating under this act under agreements with a constituent unit or other municipality for the repayment of the money.

(c) By money advanced, from time to time, before or during construction of a project, by a public corporation, for which an authority operating under this act shall reimburse the corporation with interest not to exceed 8% per annum or without interest as may be agreed, when funds are available for reimbursement. The obligation of an authority to make the reimbursement may be evidenced by a contract or note, which contract or note may be made payable out of the payments to be made by constituent units under contracts made pursuant to



subdivision (b), or out of the proceeds of bonds issued pursuant to this act by the county or out of any other available funds.

(2) Bonds issued under this section shall be authorized by a resolution adopted by the authority. The bonds shall be issued in the name of the authority and shall be executed by the chairperson and secretary-treasurer of the authority, who shall also cause their facsimile signatures to be affixed to the interest coupons to be attached to the bonds. The authority shall adopt a seal that shall be affixed to the bonds. Bonds issued under this section shall be negotiable instruments and shall mature not more than 40 years after the date of issuance. The bonds and coupons shall be made payable in lawful money of the United States and shall be exempt from all taxation whatsoever by this state or by any taxing authority within this state.

(3) Bonds or notes issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

#### Issues and Questions

1. Please explain how the Port Authority became involved with the purchase of 13 acres of city land on West Jefferson (Riverside North). This sale was explained to the City Council by the Planning and Development Department that the intent for the land purchase was for the second span of the Ambassador Bridge.
2. With the proposed prohibition of ocean vessels on the Great Lakes, what affect would this have on the Port Authority's development?
3. Has the parking structure development with GM been completed?
4. What is the timeline for the Port Authority Public Dock and offices? How will the project be financed?
5. Why does Wayne County provide \$65,000 more than the city, when the act says the constituent units shall pay equal parts of the remaining 50%?
6. What relationship does the Port Authority have with the Greater Detroit Foreign Trade Zone, Inc.? Who is on the board of this non-profit and what is the mission of the group?
7. Why did the Port Authority choose not to sell revenue bonds for the purpose of buying the Marine Terminals and instead borrowed \$2.103 million from the Ambassador Port Company, the Master Concessionaire of the terminal?

8. Referring to Note F in the 2006 Financial Statements on page 21, please explain the terms of the 2.5% of the gross receipts that the Ambassador Port Company pays the Port Authority. What outstanding interest, default interest due, etc., are the terms referring to? Aren't the terms of the repayment of both principal and interest of the \$2.103 million spelled out in Note D on page 18 of the same Financial Statements?
9. Have there ever been surplus operating funds? How can this be determined since the Statement of Activities on page 9 of the Financial Statements rolls up all the activities together?

#### Attachments



**HERTEL-LAW-T. STOPCZYNSKI PORT AUTHORITY ACT**  
**Act 639 of 1978**

AN ACT to authorize the establishing of port authorities in cities and counties; to prescribe the powers and duties of port authorities, cities, and counties; to authorize the incurrence of contract obligations and the issuance and payment of bonds or other evidences of indebtedness; to provide for a pledge by a city or county of its full faith and credit for the payment of contract obligations entered into under this act and the levy of taxes without limitation as to rate or amount to the extent necessary; to validate obligations issued; to provide for the adoption of a port facilities plan; to provide for the financing of the operating budget of port authorities; to prescribe penalties and provide remedies; and to repeal acts and parts of acts.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979;—Am. 1998, Act 188, Eff. Mar. 23, 1999.

*The People of the State of Michigan enact:*

**120.101 Short title.**

Sec. 1. This act shall be known and may be cited as the "Hertel-Law-T. Stopczynski port authority act".

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.102 Definitions.**

Sec. 2. As used in this act:

(a) "Authority" means a port authority created under this act and may also include the area within the jurisdiction of an authority.

(b) "Constituent unit" means a city or county requesting the incorporation of an authority.

(c) "Governing body of the city" means the city council or city commission of a city requesting incorporation of an authority created under this act.

(d) "Governing body of the county" means the county board of commissioners of a county participating in an authority created under this act.

(e) "Port facilities" means those facilities owned by the port authority such as: seawall jetties; piers; wharves; docks; boat landings; marinas; warehouses; storehouses; elevators; grain bins; cold storage plants; terminal icing plants; bunkers; oil tanks; ferries; canals; locks; bridges; tunnels; seaways; conveyors; modern appliances for the economical handling, storage, and transportation of freight and handling of passenger traffic; transfer and terminal facilities required for the efficient operation and development of ports and harbors; other harbor improvements; or improvements, enlargements, remodeling, or extensions of any of these buildings or structures.

(f) "Project" means the acquisition, purchase, construction, reconstruction, rehabilitation, remodeling, improvement, enlargement, repair, condemnation, maintenance, or operation of port facilities.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.103 Port authority; exercise of powers and duties; jurisdiction.**

Sec. 3. An authority may exercise and apply any or all of its powers and duties as prescribed and set forth in this act, within the respective boundaries of the county or counties creating a port authority under this act, including jurisdiction over commercially navigable water lying therein.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.104 Port authority; incorporation; recommendations; articles of incorporation; body corporate and politic; public purpose.**

Sec. 4. (1) A city and county, a combination of counties or a combination consisting of at least 1 city and 1 county, by joint resolution of their respective governing bodies, may request the governor to authorize the incorporation of an authority. The governor shall consider the recommendations of the department of state highways and transportation and the department of commerce in authorizing the authority. The initial articles of incorporation shall be approved by the governor and may thereafter be amended by resolution of the authority, subject to approval by the governor. After approval by the governor, the articles of incorporation and any amendments to those articles shall be effective upon filing with the secretary of state.

(2) An authority created under this act shall be a body corporate and politic.



(3) The exercise by an authority of the powers conferred by this act shall be considered and held to be an essential governmental function and a benefit to, and a legitimate public purpose of the state, the authority, and the constituent units.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.105 Port authority; appointment and terms of members; vacancy; reappointment; chairperson, vice-chairperson, and secretary-treasurer; quorum; voting; expenses; liability.**

Sec. 5. (1) Except as provided in subsection (5), an authority shall consist of 5 or 7 members as follows:

(a) One member shall be appointed by the governor.

(b) The remaining members shall be appointed by the governing body of each city and the governing body of each county that requested the incorporation of the authority. The representation on, and the number of members of, the authority shall be determined by agreement among the incorporating units and included within the joint resolution requesting incorporation of the authority.

(2) The members first appointed shall serve staggered terms. After the first appointment, each member shall serve a term of 4 years, except that a person appointed to fill a vacancy shall be appointed for the balance of the unexpired term. A member shall be eligible for reappointment.

(3) The members shall elect 1 of their membership as chairperson and another as vice-chairperson, shall designate the terms of office of those officers, and shall appoint a secretary-treasurer who need not be a member. A majority of the members of the authority shall constitute a quorum. The affirmative vote of a majority of the members shall be necessary for any action taken by the authority.

(4) The members shall serve without compensation but shall be reimbursed for all necessary travel and other expenses incurred in the discharge of their duties.

(5) An authority that is established in a county having a population of 1,500,000 or more shall consist of 5 members as follows:

(a) One member shall be appointed by the governor.

(b) Two members shall be appointed by a majority of all the members of the county board of commissioners of the county. The members appointed shall be nominated by the commissioners on the board who do not reside within the political boundaries of a city having a population of 750,000 or more.

(c) Two members shall be appointed by the mayor of a city having a population of 750,000 or more that is located in the county.

(6) To the extent not protected by the immunity conferred by 1964 PA 170, MCL 691.1401 to 691.1415, a member of the authority appointed under this section who exercises the powers contained in this act in good faith is immune from civil or administrative liability arising from that conduct, unless the conduct was gross negligence or willful and wanton misconduct.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979;—Am. 2001, Act 244, Imd. Eff. Jan. 8, 2002.

**Compiler's note:** See Compiler's note to § 120.130.

**120.106 Bond of secretary-treasurer.**

Sec. 6. Before the issuance of any bonds, notes, or other evidences of indebtedness under this act, the secretary-treasurer of an authority shall execute a bond in the penal sum of \$100,000.00, conditioned upon the faithful performance of the duties of the office and executed by a surety company authorized to transact business in this state as surety. The bond shall be filed in the office of the secretary of state. The premium of the bond shall be a current expense of the authority.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.107 Advisory committees and councils.**

Sec. 7. An authority may organize and create advisory committees and councils to serve at the pleasure of the authority for terms and purposes considered to be in the best interest of furthering the intent and purpose of this act. The committees and councils shall be made up of persons especially skilled, knowledgeable, or experienced in international trade, finance, commerce, transportation, or labor. Members of the committees or councils shall serve without compensation but shall be entitled to reasonable and necessary expenses incurred in the discharge of their duties.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.



### **120.108 Port authority; powers generally.**

Sec. 8. An authority may:

- (a) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.
- (b) Sue and be sued on the same basis as the state; and adopt and register with the secretary of state an official seal and alter that seal at its pleasure.
- (c) Maintain offices at a place or places, either within or without its jurisdiction as it may determine.
- (d) Acquire, construct, reconstruct, rehabilitate, improve, maintain, lease as lessor or as lessee, repair, or operate port facilities within its territorial jurisdiction, including the dredging of ship channels and turning basins and the filling and grading of land therefor. An authority may operate a leased facility, owned by the authority, if the lessee defaults and a new lease is negotiated or competitively bid.
- (e) Designate the location and character of the port facilities which the authority may hold or own or over which it is authorized to act and regulate all matters related to the location and character of those port facilities.
- (f) Acquire, hold, and dispose of real and personal property.
- (g) Make directly, or through the hiring of expert consultants, investigations and surveys of whatever nature, including studies of business conditions, freight rates, port services, physical surveys of the conditions of channels and structures, and the necessity for additional port facilities for the development and improvement of commerce and recreation and for the more expeditious handling of that commerce and recreation, and make studies, surveys, and estimates, as necessary for the execution of its powers under this act.
- (h) Promulgate all necessary rules to fulfill the purposes of this act.
- (i) Issue its bonds, notes, or other evidences of indebtedness as provided in this act.
- (j) Fix and revise from time to time and charge and collect rates, fees, rentals, or other charges for the use of a facility owned by the authority.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

### **120.109 Port authority; additional powers.**

Sec. 9. An authority may:

- (a) Appear in its own behalf before boards, commissions, departments, or other agencies of the federal government or of any state or international conferences and before committees of the congress of the United States and the state legislature in all matters relating to the design, establishment, construction, extension, operation, improvement, repair, or maintenance of a project operated and maintained by the authority under this act, and appear before any federal or state agencies in matters relating to transportation rates, port services and charges, demurrage, switching, wharfage, towage, pilotage, differentials, discriminations, labor relations, trade practices, river and harbor improvements, aids to navigation, permits for structures in navigable waters, and all other matters affecting the physical development of, and the business interest of, the authority and those it serves.
- (b) Make application for, receive and accept from any federal, state, or municipal agency, foundation, public or private agency, or individual, a grant or loan for, or in aid of, the planning, construction, operation, or financing of a port facility; and receive and accept contributions from any source of money, property, labor, or other things of value, to be held, used, and applied for the purposes for which the grant or contribution may be made.
- (c) Appoint an executive director who shall be the chief administrative officer of the authority, and to whom the authority may delegate any of its administrative powers and authorizations. During employment the executive director shall not have a financial interest in port facilities or projects over which the authority has jurisdiction or power or authorization to act.
- (d) Employ personnel as is necessary and employ the services of private consultants and engineers, legal counsel, accountants, construction and financial experts, and other agents for rendering professional and technical assistance and advice as may be necessary, and whose compensation, including the executive director, shall be determined by the authority.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

### **120.110 Port authority; additional powers.**

Sec. 10. An authority may:

- (a) Subject to the authority of the federal government and the state and with the agreement of the constituent units, provide for the preservation of navigation within its territorial jurisdiction, including the



establishment by regulation of lines beyond which piers, bulkheads, wharves, pilings, structures, obstructions, or extensions of any character may not be built, erected, constructed, or extended; provide by regulation for the stationing, anchoring, and movement of vessels or other watercraft; adopt rules to prevent material, refuse, or matter of any kind from being thrown into, deposited, or placed where it may fall, or be washed, into navigable waters under its jurisdiction; ascertain the depth and course of the channels of those navigable waters; erect and maintain, authorize the erection and maintenance of, and make rules respecting wharves, bulkheads, piers, and piling, and the keeping of the same in repair, to prevent injury to navigation or health; regulate the use of wharves, docks, piers, bulkheads, or pilings owned by it; lease or rent the same, and impose and collect dockage from vessels and watercraft lying at, or using the same; and collect wharfage and other charges upon goods, wares, merchandise or other articles landed at, shipped from, stored on, or passed over the same.

(b) Make and enter into contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this act.

(c) Lay out, construct, acquire, operate, lease, sell, and convey planned industrial districts as a part of port facilities within its jurisdiction, subject to the restrictions contained in this act upon operation and ownership of port facilities.

(d) Do all acts and things necessary or convenient to promote and increase commerce and recreation within its territorial jurisdiction and carry out the powers expressly granted and any powers implied or necessary for the exercise of the powers expressly granted in this act.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.111 Port authority; liability.**

Sec. 11. Except with respect to docks or wharves owned, controlled, or operated by, the authority, this act shall not be construed to impose a duty upon an authority to a person using its waters in regard to the safety thereof, or to render an authority liable for loss of life or injury or damage to person or property, by reason of an obstruction in, or unsafe condition of, any part of its waters, nor shall this act be construed to render the authority liable in damages or otherwise for an omission to pass or enforce a rule or resolution made under this act.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.112 Acquisition of property by purchase, lease, or condemnation; sale or removal of structures; sale or lease of property.**

Sec. 12. (1) An authority may acquire by purchase or lease, when it considers the purchase or lease expedient, lands, structures, property, rights, rights of way, franchises, easements, and other interests in lands as it considers necessary or convenient for the construction or operation of a project, upon terms and at a price as considered reasonable and agreed upon between the authority and the owner thereof.

(2) An authority may acquire by condemnation lands, property rights, rights of way, franchises, easements, and other property, or parts thereof or rights therein, of a person, partnership, association, or corporation considered by the authority to be necessary for the construction or efficient operation of a project. However, a facility currently operated as a port facility by a terminal operator or a facility owned or operated by and for the exclusive use of the owner or operator and a facility owned or operated by a common carrier or public utility shall be exempt from this subsection. The condemnation shall be made in the manner provided by Act No. 295 of the Public Acts of 1966, as amended, being sections 213.361 to 213.391 of the Michigan Compiled Laws, except where that procedure may be inconsistent with this act.

(3) An authority may sell or remove the buildings or other structures upon lands taken by the authority, and may sell or lease lands or rights or interest in lands or other property taken or purchased for the purposes of this act.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.113 Contracts for acquisition, improvement, enlargement, or extension of port facilities; payment of cost; pledge of full faith and credit; tax levy; methods of raising funds; assessment of costs.**

Sec. 13. (1) An authority and 1 or more constituent units may enter into a contract or contracts for the acquisition, improvement, enlargement, or extension of port facilities and for the payment of the cost thereof by the contracting constituent units, with interest, over a period of not more than 40 years.

Rendered Friday, April 13, 2007

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Michigan Compiled Laws Complete Through PA 5 of 2007

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(2) Each contracting constituent unit shall pledge its full faith and credit for the payment of its obligations under the contract. If the constituent unit has taxing power, each year it shall levy a tax upon all real and personal property within the constituent unit, which may be imposed without limitation as to rate or amount, to the extent necessary for the prompt payment of that part of the contract obligations as shall fall due before the following year's tax collection. The tax shall be in addition to any tax which the contracting constituent unit may otherwise be authorized to levy and may be imposed without limitation as to rate or amount, but shall not be in excess of the rate or amount necessary to pay the contract obligation. If any contracting constituent unit at the time of its annual tax levy has on hand in cash any amount pledged to the payment of the current obligations for which the tax levy is to be made, then the annual tax levy may be reduced by that amount. For the purpose of obtaining the credit, funds may be raised by a contracting constituent unit in 1 or more of the following methods:

- (a) By service charge to users of the facilities owned by the port authority.
- (b) By setting aside state collected funds disbursed to the contracting constituent unit.
- (c) By special assessment upon lands benefited.
- (d) By setting aside any other available money.

(3) A contracting constituent unit may agree to raise all or any part of its contract obligation by 1 or more of the methods enumerated in subsection (2) which may be available. The various powers granted in this act to a constituent unit shall be exercised by its governing body.

(4) If a constituent unit, other than a county, operating under this act elects to raise money to pay all or a portion of its share of the cost of a project by assessing the costs upon benefited lands, its governing body shall so determine by resolution and fix the district therefor. The governing body shall then cause a special assessment roll to be prepared and thereafter the proceedings in respect to the special assessment roll and the making and collection of the special assessments on the roll, shall be in accordance with the provisions of the statute or charter governing special assessments in the constituent unit, except that the total assessment may be divided into any number of installments not exceeding 30, and any person assessed shall have the right at the hearing upon the special assessment roll to object to the special assessment district previously established.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.114 Revenue bonds; applicability of revenue bond act; revenue bonds payable solely from revenues or income.**

Sec. 14. (1) An authority may provide by resolution for the issuance of revenue bonds of the authority for the purpose of providing funds for paying the cost of port facilities, or for paying the cost of an extension, enlargement, or improvement of a project then under the control of the authority. The bonds issued under this section shall mature at a time or times, not exceeding 40 years after their date of issuance, as the authority may provide.

(2) Revenue bonds issued under this section are subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(3) Revenue bonds issued pursuant to this section shall not be considered to constitute a debt of this state, a political subdivision of this state, the authority, or any constituent unit, or a pledge of the faith and credit of this state or a political subdivision of this state or of the authority or any constituent unit, but shall be payable solely from the revenues or income to be derived from the projects. The revenue bonds shall contain on their face a statement to the effect that the bonds and attached coupons are payable solely from revenues and are not a general obligation of this state, a political subdivision of this state, the authority, or a constituent unit, and neither the faith and credit nor the taxing power of this state, a political subdivision of this state, the authority, or a constituent unit, is pledged to the payment of the principal of or the interest on the bonds.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979;—Am. 1983, Act 23, Imd. Eff. Apr. 5, 1983;—Am. 2002, Act 412, Imd. Eff. June 3, 2002.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.114a Violation of §§ 168.1 to 168.992 applicable to petitions; penalties.**

Sec. 14a. A petition under section 14, including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in this section is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

**History:** Add. 1998, Act 188, Eff. Mar. 23, 1999.



**120.115 Revenue bonds; form; date; denomination; place of payment; redemption; validity of signature or facsimile; issuance in coupon or registered form; registration, reconversion, and interchange of bonds.**

Sec. 15. An authority shall determine the form of the bonds of each series issued pursuant to section 14, including any interest coupons to be attached thereto, the date of the bonds, the denomination of the bonds, and the place of payment of principal and interest, which may be at any bank or trust company within or without the state. The bonds of each series may be made redeemable before their maturity or maturities at the option of the authority, at a price and under the terms and conditions as may be fixed by the authority before issuance of the bonds. If an officer whose signature or a facsimile of whose signature appears on any bonds or coupons ceases to be an officer before delivery of the bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery. The bonds may be issued in coupon or in registered form, or both, as the authority may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of coupon and registered bonds.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.116 Revenue bonds; trust agreement.**

Sec. 16. Revenue bonds issued pursuant to this act shall be secured by a trust agreement by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company, within or without the state. The trust agreement may pledge or assign the rentals and other revenues of the authority, but shall not convey or mortgage part or all of a project. The trust agreement shall contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority in relation to the acquisition or construction of a project and the extension, enlargement, improvement, maintenance, operation, repair, and insurance of a project and the custody, safeguarding, and application of all money and may contain provisions for the employment of consulting engineers in connection with the construction and operation of a project. The trust agreement shall set forth the rights and remedies of the bondholders and of the trustee and may restrict the individual right of action by the bondholders and may contain any other provisions the authority may consider reasonable and proper for the security of the bondholders.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.117 Bonds as securities; investment; deposit.**

Sec. 17. (1) Bonds issued under this act are securities in which all public officers and public agencies of the state and its political subdivisions and all banks, trust companies, savings and loan associations, investment companies, and others carrying on a banking business, all insurance companies and insurance associations and others carrying on an insurance business, all administrators, executors, guardians, trustees and other fiduciaries, and all other persons may legally and properly invest funds, including capital in their control or belonging to them.

(2) Bonds issued under this act are securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or other obligations of the state is authorized by law.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.118 Additional bonds for acquisition of port facilities; authorization; resolution; issuance and execution of bonds; seal; negotiable instruments; maturities; payment; tax exemption; issuance of bonds or notes subject to revised municipal finance act.**

Sec. 18. (1) In addition to the bonds authorized in section 14, bonds may be issued for the purpose of acquiring port facilities, as follows:

(a) By the issuance of bonds in anticipation of payments to become due under contracts by which 1 or more constituent units agree to pay to an authority operating under this act certain sums toward the cost of the acquisition, improvement, enlargement, or extension of a project that may be made under this act. Contracts are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(b) By money advanced by an authority operating under this act under agreements with a constituent unit or other municipality for the repayment of the money.

Rendered Friday, April 13, 2007

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(c) By money advanced, from time to time, before or during construction of a project, by a public corporation, for which an authority operating under this act shall reimburse the corporation with interest not to exceed 8% per annum or without interest as may be agreed, when funds are available for reimbursement. The obligation of an authority to make the reimbursement may be evidenced by a contract or note, which contract or note may be made payable out of the payments to be made by constituent units under contracts made pursuant to subdivision (b), or out of the proceeds of bonds issued pursuant to this act by the county or out of any other available funds.

(2) Bonds issued under this section shall be authorized by a resolution adopted by the authority. The bonds shall be issued in the name of the authority and shall be executed by the chairperson and secretary-treasurer of the authority, who shall also cause their facsimile signatures to be affixed to the interest coupons to be attached to the bonds. The authority shall adopt a seal that shall be affixed to the bonds. Bonds issued under this section shall be negotiable instruments and shall mature not more than 40 years after the date of issuance. The bonds and coupons shall be made payable in lawful money of the United States and shall be exempt from all taxation whatsoever by this state or by any taxing authority within this state.

(3) Bonds or notes issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979;—Am. 1983, Act 23, Imd. Eff. Apr. 5, 1983;—Am. 2002, Act 412, Imd. Eff. June 3, 2002.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.119 Validation of bonds or notes; contesting validity.**

Sec. 19. Bonds or notes issued under this act by an authority are validated. An authority acting under this act or any constituent unit, including the county, shall not contest the validity of bonds or notes issued under this act or any contract which provides the security therefor, after the bonds are sold and delivered and the authority has received the consideration therefor.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.120 Contract for use of port facilities; increase in charges; duration of contract.**

Sec. 20. Any 1 or more municipalities or other public corporations, either within or without an authority, may contract for the use of port facilities from an authority operating under this act. The charges specified in a contract shall be subject to increase by the authority at any time in order to provide funds to meet the obligations of the project involved. A contract authorized pursuant to this section shall be for a period of not more than 50 years.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.121 Dock, waterfront, or riparian property; transfer, possession, or control.**

Sec. 21. The governing bodies of constituent units may, by majority vote, and with or without consideration, transfer or cause to be transferred to the authority or may place in its possession and control, by lease, or other contract or agreement, either for a limited period or in fee, any dock, waterfront, or riparian property owned or controlled by a constituent unit.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

#### **120.122 Tax exemption.**

Sec. 22. (1) An authority created under this act shall be exempt from and shall not be required to pay taxes on property, both real and personal, belonging to the authority, which is used exclusively for a public purpose. However, the exemption shall not apply to property belonging to an authority while a private enterprise is a lessee of the property under a written lease. The bonds, notes, or other evidences of indebtedness, or their transfer, issued by an authority as authorized in this act, the interest thereon, the income derived, and the profit from a sale, shall be exempt from taxation, other than inheritance and estate taxes, within this state.

(2) This section constitutes a covenant and agreement with the holders of bonds, notes, or other evidences of indebtedness issued by an authority.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.



**120.123 Plan for future development, construction, and improvement of port and facilities; notice; comments; hearing; adoption; modification, amendment, or extension; plans for specific projects.**

Sec. 23. (1) An authority created on or after May 1, 1984 shall within 2 years after its creation prepare or cause to be prepared a plan for the future development, construction, and improvement of the port and its facilities, including the maps, profiles, and other data and descriptions necessary to set forth the location and character of the work to be undertaken by the authority. An authority in existence before May 1, 1984 shall prepare or cause to be prepared the plan provided for in this subsection not later than September 30, 1985. The authority shall notify the legislature on April 15, 1985, as to the progress of the plan. The authority shall cause notice by publication to be given upon the completion of the plan in a daily newspaper of general circulation in the area under the jurisdiction of the authority. The notice shall fix the time and place for hearing on the plan, which shall be not less than 30 nor more than 60 days after publication of the notice. Any interested person may file written comments to the plan, if those comments are filed with the secretary-treasurer of the authority not less than 5 days before the date fixed for the hearing. After the hearing, the authority may adopt the plan, with any modifications or amendments, as the official plan of the authority. The authority, after adoption of the plan, may modify, amend, or extend the plan after notice and hearing in the manner prescribed in this subsection.

(2) The plan and any modification, amendment, or extension, when adopted by the authority after notice and hearing, shall be conclusive except that plans for specific projects, to be undertaken in execution of the official plan, shall not be adopted by the authority without prior individual approval by the governing bodies of its constituent units, the state transportation department, and the department of commerce.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979;—Am. 1984, Act 256, Imd. Eff. Nov. 30, 1984.

**Compiler's note:** See Compiler's note to § 120.130.

**120.124 Operating budget.**

Sec. 24. (1) The authority shall submit in writing a detailed estimate of the budget required for the business and conduct of an authority's affairs, initially, for a 2-year period, and annually thereafter to the governing bodies of its constituent units, the department of commerce, and the department of state highways and transportation for approval. The state shall provide 50% of the operating budget of the authority, to be included in the department of state highways and transportation budget which shall be subject to legislative approval. Fifty percent of the operating budget of an authority in which not more than 1 county and not more than 1 city participate shall be funded equally by the participating county and city.

(2) A city or county creating or participating in an authority may appropriate for the use of the authority, and include in its levy for general fund purposes, an amount considered proper. However, the total amount permitted by law to be levied by a city or county for general fund purposes shall not be considered increased by this section.

(3) As used in this section, "operating budget" means solely operation and maintenance expenses of an authority not included in the cost of a specific project, and interest on notes, but excludes amounts for debt service on bonds and amounts for acquisition, construction, enlargement, improvement, or extension of port facilities.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.125 Surplus of unencumbered funds; disposition.**

Sec. 25. If at the end of a fiscal year a surplus of unencumbered funds remains after providing for the operating expenses of an authority, the authority may pay that surplus into the general funds of the state and of its constituent units in the same proportion which the appropriations made by each to the authority bear to each other.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.126 Entry on lands, waters, and premises; purpose; reimbursement for actual damages.**

Sec. 26. For the purpose of making surveys, soundings, drillings, examinations, and investigations as it considers necessary or convenient for the purposes of this act, an authority and its authorized agents and employees may enter upon the lands, waters, and premises in the authority and that entry shall not be considered a trespass; nor shall an entry for these purposes be considered an entry under any condemnation proceedings which may be then pending. The authority shall make reimbursement for actual damages resulting to the lands, waters, or premises as a result of these activities.



**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.127 Employees of port authority; transfer and payment of sick leave and annual leave; salary rate; job seniority and pension rights.**

Sec. 27. (1) The employees of an authority, existing on the effective date of this act, of a city or county which creates or participates in an authority created under this act shall become the employees of that succeeding authority.

(2) Each employee at his or her option may transfer all or part of accumulated sick leave and shall be paid 1/2 of all unused accumulated sick leave not transferred. The employee also may transfer all or part of accumulated annual leave not to exceed more than 27 days and shall be paid for all unused accumulated annual leave not transferred.

(3) The transferred employee shall continue at his or her present salary rate, and if greater than that paid in the constituent unit for similar work, shall remain at the current level until matched by that constituent unit.

(4) Job seniority and pension rights shall be credited as if first employed by the constituent unit.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.128 Annual report; audit.**

Sec. 28. An authority shall make an annual report of its activities within 3 months after the close of its fiscal year to the governor and to the governing body of each constituent unit. The report shall include a complete operating and financial statement covering its operations during the year. The authority shall cause an audit of its books and accounts to be made at least once each year by a certified public accountant, with the cost to be treated as an operation expense.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.129 Liberal construction; powers cumulative.**

Sec. 29. This act, being necessary for the welfare of the state and its inhabitants shall be liberally construed to effect its purposes. Powers granted in this act shall be cumulative and not exclusive of one another and may be exercised notwithstanding that bonds, notes, or other evidences of indebtedness are not issued.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** See Compiler's note to § 120.130.

**120.130 Repeal of §§ 120.1 to 120.35; effective date of subsection (1).**

Sec. 30. (1) Act No. 234 of the Public Acts of 1925, as amended, being sections 120.1 to 120.35 of the Compiled Laws of 1970, is repealed.

(2) Subsection (1) shall not take effect until the constituent bodies of each port authority created pursuant to Act No. 234 of the Public Acts of 1925 and in existence on the effective date of this act participate in the creation of an authority pursuant to this act and the membership of the commission governing that authority is appointed.

**History:** 1978, Act 639, Imd. Eff. Jan. 11, 1979.

**Compiler's note:** The Monroe Port Authority has not created an authority under this act, and continues to operate under, and derive its power from, Act 234 of 1925, being §§ 120.1 to 120.35 of the Michigan Compiled Laws.

*DETROIT 1/17/07*

**Detroit/Wayne County Port Authority**  
**Comparison Of 2007 Budget To 2008 Budget**  
**For The Year Beginning October 1, 2007**

7/1/2007

<u>ADMINISTRATIVE BUDGET</u>	<u>APPROVED</u> <u>2006/2007</u> <u>BUDGET</u>	<u>PROPOSED</u> <u>2007/2008</u> <u>BUDGET</u>	<u>DIFFERENCE</u> <u>APPROVED VS.</u> <u>PROPOSED</u>
<u>REVENUE</u>			
GRANT REVENUE:			
STATE	500,000	\$ 500,000	\$ -
COUNTY	315,000	315,000	-
CITY	250,000	250,000	-
FTZ REVENUE	168,000	168,000	-
INTEREST INCOME	5,929	5,929	0
RENTAL INCOME	2,910	2,910	-
PORT AUTHORITY RESERVES	-	-	-
<b>TOTAL REVENUE</b>	<b>\$ 1,241,839</b>	<b>\$ 1,241,839</b>	<b>\$ 0</b>
<u>EXPENSES</u>			
SALARIES AND BENEFITS	\$ 872,670	\$ 872,670	\$ 0
MARKETING/PROMOTION	20,000	20,000	-
TRAVEL/AUTO	60,900	60,900	-
PRINTING	6,610	6,610	-
OFFICE RENT	100,000	100,000	-
POSTAGE	6,000	6,000	-
TELEPHONE	15,600	15,600	-
UTILITIES	1,550	1,550	-
OFFICE EQUIPMENT	12,180	12,180	-
OFFICE SUPPLIES	7,600	7,600	-
CONF., DUES & SUBSCRIPTIONS	41,695	41,695	-
ANNUAL AUDIT	15,000	15,000	-
CONSULTANTS	21,500	21,500	-
MAINTENANCE & REPAIRS	1,935	1,935	-
PROPERTY TAXES	-	-	-
INSURANCE (GEN. LIAB & WC)	34,600	34,600	-
LEGAL	24,000	24,000	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,241,840</b>	<b>\$ 1,241,840</b>	<b>\$ 0</b>



# THE DETROIT/WAYNE COUNTY PORT AUTHORITY



## 2005 Annual Report





## Mission Statement

In 1998, the Port Authority adopted a new mission “to plan, develop and foster economic development and recreational growth, through environmental stewardship, while promoting Detroit and Southeast Michigan as an import/export freight transportation and distribution hub for the United States, Canada and world marketplace.”



## DETROIT/WAYNE COUNTY PORT AUTHORITY

### *Promoting Trade and Economic Growth*

## 2005 Community Report

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## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

What a great year 2005 has been. The Board of Directors is very proud of the Port Authority's progress with the economic development projects especially along the riverfront. The success of these projects demonstrate the important role the Port Authority has in helping revitalize the economy of the City of Detroit, County of Wayne and the State of Michigan.

The public-private partnership between the Port Authority, the Ambassador Port Company and Nicholson Terminal and Dock Company is unprecedented at the Port of Detroit. This project solidifies the Port of Detroit's role in providing multimodal opportunities and the modernizing of Detroit's port facilities.

The new Beaubien Place mixed-use facility was completed as a result of the successful teamwork of the Port Authority, and General Motors. It further demonstrates the effectiveness of partnering in order to help transform Detroit's Riverfront.

Both of these projects demonstrate the role the Port Authority is playing in re-establishing Detroit as a world-class city.

Sincerely,



Arthur B. Blackwell, II  
*Chairman of the Board*



ARTHUR B. BLACKWELL, II  
*Chairman of the Board,  
President and  
Chief Executive Officer of the Deway  
Development Corporation*



BYRON F. KELLEY  
*Vice Chairman of the Board  
Seafarers International Union  
Retired*



PHILIP B. FISCHER  
*President  
Philip B. Fischer Co.*



RODERICK GILLUM  
*Vice President of Corporate  
Relations and Diversity  
General Motors Corporation*



DERRICK A. MILLER  
*Chief Information Officer  
City of Detroit*



## MESSAGE FROM THE EXECUTIVE DIRECTOR

2005 marked an historic year for the Port of Detroit. The Detroit/Wayne County Port Authority, with assistance from the City of Detroit, Wayne County and the State of Michigan re-opened the city's last remaining general cargo facility by structuring a public-private partnership unprecedented at the Port of Detroit. The Port Authority was able to negotiate a deal which saved the 34.5 acre port property, formerly Detroit Marine Terminals, from the public auction block. This public-private partnership between DWCPA, Ambassador Port Company and Nicholson Terminal and Dock Company will solidify the port's role in multi-modal transportation and integrate shipping in southeast Michigan. Efforts are underway to increase export markets to Europe, Asia and Africa, through the Port.



**CURTIS HERTEL**  
*Executive Director*

Plans to establish our Public Dock and Terminal are progressing with the construction of the \$11.25 million facility to commence this summer. These projects have introduced the Port Authority as a major contributor in economic development for the region. We successfully completed our first structured financing, and there's more to come.

We had a very successful year, thanks to the support of Chairman Arthur B. Blackwell, our Board of Directors, the dedicated hard work of the DWCPA staff, and the support of our corporate partners. We look forward to continued progress in the years to come.

Regards,

A handwritten signature in dark ink, appearing to read "Curtis Hertel", written in a cursive style.

**Curtis Hertel**  
*Executive Director*



## PORT OF DETROIT, A PUBLIC-PRIVATE PARTNERSHIP

The Detroit/Wayne County Port Authority (DWCPA), the City of Detroit, along with private-sector partners, Nicholson Terminal & Dock Company and Ambassador Port Company, announced plans to re-open the city's last remaining general cargo facility, formerly the Detroit Marine Terminals in southwest Detroit. The public-private partnership tapped into the Port Authority's expertise in government relations, marketing and promotion within the global marketplace. Complementing the Port Authority's involvement is the private investment of the Ambassador Port Company, a subsidiary of Central Transport. Central Transport offers direct service to 98% of major manufacturing and retail markets across North America. Nicholson Terminal and Dock Company will handle the stevedoring component and other functions. Nicholson Terminal and Dock Company has been in business for over seventy years in the Metro Detroit area. The project will allow for future integration of shipping into Southeast Michigan's multi-modal options. Immediate plans call for reactivation of a rail spur into the site and the updating and modernization of all storage facilities and mobile equipment, bringing Port of Detroit to world class standards.





## BEAUBIAN PLACE



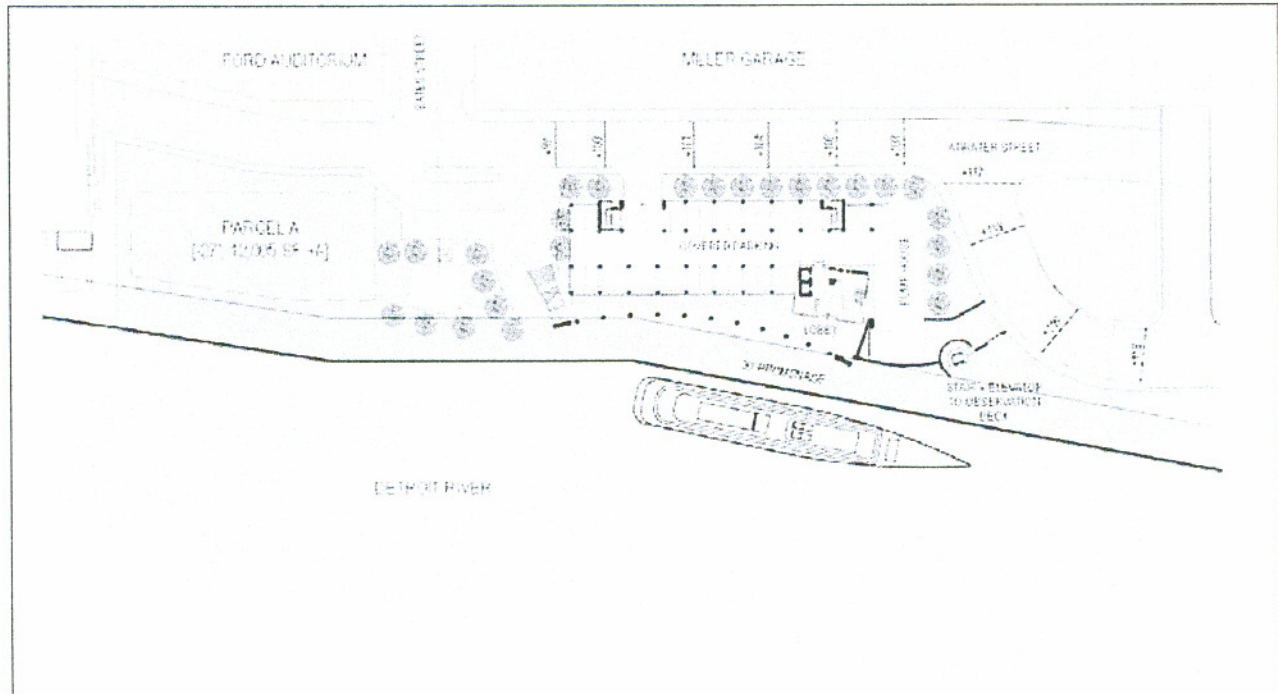
The DWCPA successfully issued \$43 million in revenue bonds for a mixed-use facility for General Motors (GM), its first financing deal in history. The mixed-use facility is located on the east riverfront, with 18,000 square feet of ground floor retail space and upper floors consisting of 1,174 parking spaces. The project will serve as a primary parking facility for GM's Renaissance Center employees, downtown business and daily parkers, employees, visitors and users of DWCPA's Public Dock and Terminal facility. The retail space will become Asian Village, which will include a market, restaurants and lounge. The DWCPA issued revenue bonds for the construction and development of this facility. By allowing the DWCPA to provide the financing, GM preserved its credit rating and debt capacity. Issuing revenue bonds is a contributing role the DWCPA plays in generating revenue which is imperative to ensuring fiscal stability in the local economy. This project enabled the DWCPA to assist in both financing and economic development of waterfront redevelopment projects.



# PUBLIC DOCK AND TERMINAL PROJECT

The Public Dock and Terminal is a \$11.25 million project under construction by the DWCPA to establish Detroit as a tourist destination. The facility will include a 500-foot docking facility to harbor ships, a 24,000 square-foot terminal building and enhancements to the existing 368-foot pier. The site is located at the foot of Bates Street on the Detroit River in downtown Detroit. The boundaries consist of Bates Street to the west, the General Motors Riverfront Project to the east, Atwater Street to the north, and the Detroit River to the south. The Public Dock and Terminal will harbor transient vessels including cruise ships, naval frigates, historic tall ships, racing yachts, tour boats and dinner cruises. The terminal building will be the DWCPA's new headquarters. The facility will also house the U.S. Customs and Immigration department and cruise ship operations, such as luggage handling, local tour arrangements, and other visitor needs. The remainder of the site will accommodate public transportation for visitors.

The project will be a significant and identifiable landmark on the waterfront. It will also provide cruise passengers easy access to downtown Detroit's hotels, restaurants and other amenities. The project will serve as a new public gateway to the City of Detroit and the State of Michigan.





# GRANTS

## U.S. EPA BROWNFIELD ASSESSMENT GRANT

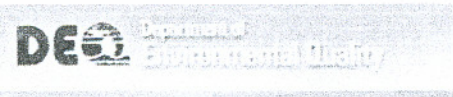
The DWCPA, in partnership with Southwest Detroit Environmental Vision (SDEV), was able to secure \$400,000 in Brownfield Assessment grants from the U.S. Environmental Protection Agency. This grant money will be used to fund environmental due diligence work required in property transactions throughout southwest Detroit. Property survey, title and inventory work, Phase I & II investigations, and Baseline Assessments are all possible through this grant.



Thus far, the DWCPA has assisted in developing a property inventory of market-ready brownfield sites adjacent to the Port of Detroit in southwest Detroit that can supplement ongoing marketing efforts of those parcels. This property inventory will be web-based and available on the DWCPA's web site in the near future. Aside from port-related projects, additional assistance was provided on various public improvement projects, including the Corktown-Mexicantown "Greenlink" project, a greenway project being constructed throughout southwest Detroit. Additional support was given to two economic redevelopment projects. All projects received some type of pre-development, environmental assessment assistance. Collaborating organizations were: SDEV, Mexicantown CDC, Southwest Detroit Business Association, and City of Detroit, Department of Environmental Affairs for their oversight, leadership and support.

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## MDEQ COASTAL MANAGEMENT GRANT



The purpose of this grant-funded project from the Michigan Department of Environmental Quality, Coastal Zone Management Program, will be for a planning and design study that will be used to define the environmental monitoring and educational interpretive areas at the project site. In partnership with Detroit-based company, Hands & Associates, this will allow the public to have year-round access to learning opportunities relating to natural processes and the effects of anthropogenic changes of the Great Lakes. This grant will be a catalyst to future expansion and enhancements to the environmental monitoring station and educational facilities, by creating the concept and preparing reports which will identify needs for acquisition of instrumentation and displays. The results of the design/planning report will be used to assist in acquiring instrumentation and other needs for the center through funding from various federal, state and private sources.



## GRANTS CONTINUED . . .

### U.S. TRANSPORTATION SECURITY ADMINISTRATION PORT SECURITY GRANT PROGRAM



The DWCPA will introduce two new state-of-the-art patrol vessels to the Detroit River in the Spring of 2006. Together with the Detroit Police Department, Underwater Dive Team and Harbormaster, and Wayne County Sheriff, Marine Unit, an application was submitted to the Transportation Security Administration (TSA) Port Security Grant program for acquisition of two new vessels equipped with modern technology capable of addressing today's homeland security threats along one of the busiest river-systems in the country. The DWCPA was awarded approximately \$500,000 to purchase the watercraft in 2003, along with additional engines to outfit existing vessels. Additional partners include the State of Michigan, Governor's Office for Southeast Michigan, and the City of Detroit, Department of Homeland Security.





# COMMUNITY OUTREACH

## SECOND ANNUAL GALA RAISED FUNDS FOR DOSSIN GREAT LAKES MUSEUM

On Monday, September 19, 2005, the DWCPA and the Detroit Historical Society hosted the Second Annual Gala event to raise funds in support of the Dossin Great Lakes Museum. The Gala was held at the Dossin Great Lakes Museum located on Belle Isle in Detroit. It featured a silent auction, a strolling dinner, the museum's exhibits and live jazz. Funds in the amount of \$11,647 was donated to the Dossin Museum.



Special thanks were given to the event sponsors: Ambassador Port Company, Gaelic Tugboat Company, Diamond Jack's River Tours, Greektown Casino, The Mannik & Smith Group, Michigan Marine Terminal, Lewis and Munday, MGM Casino-Detroit.

The gala Honorary Chairpersons were: U.S. Senator Carl Levin, and U.S. Representative Carolyn Kilpatrick, Douglas and Diane Dossin and Matthew Moroun. Other supporters of the event were the DWCPA Board of Directors; Curtis Hertel, DWCPA's Executive Director; Bob Bury, Executive Director, Detroit Historical Society; Dr. Dennis Zembala, Director, Detroit Historical Museums; Commodore Leonard Maisner, Detroit Yacht Club; Commodore Greg Thomas, Bayview Yacht Club; Commodore Mark English, Grayhaven Sail Club of Detroit; Captain Michael W. Mastenbrook, President, The Propellor Club of the United States-Port of Detroit.

In 2004, a donation in the amount of \$20,835 was awarded to the Dossin Museum from the First Annual Gala. The program was financially supported by a match grant from the John S. and James L. Knight Foundation. The two galas generated a total of \$32,482 for the Dossin Museum.

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## DWCPA ADOPTS SMITH FAMILY FOR CHRISTMAS

For the second consecutive year, DWCPA adopted a family at Christmas. The recipient family was chosen by the Doorstep Homeless Shelter, a Detroit community based organization that partnered with DWCPA to ensure that a homeless family would have a Merry Christmas. This year the Smith family received a Christmas dinner and donations of clothing and toys for the children. Special thanks were given to the Sun Valley Foods Company for their contribution to the project.



## DWCPA HOSTS SOUTH AFRICAN DELEGATION

In October, 2005, the DWCPA hosted a delegation of nine members of the Provincial Legislature in South Africa. The delegation was sponsored by The American Council of Young Political Leaders, the purpose of the meeting was to inform them of the opportunities for "Doing Business in Detroit." These leaders traveled to Detroit upon the invitation of Derrick Hale, former member of the Michigan House of Representatives. Members of the delegation were: Dibeela Gertrude Mothupi, Free State Province; Phakamisa Arthur Hobongwnana, Eastern Cape Province; Valentine Mbatha, Gauteng Province; Pinkie Sharon Kekana, Limpopo Province; Xolani Armstrong Mbutho, Kwa-Zulu Natal; Grant Haskin, West Cape Province; Veliswa Mvenya, Eastern Cape Province; Sonnike Smit, Mpumalanga Province; Mr. Nhlanhla Mtaka, Kwa-Zulu Natal.



Pictured from left to right: Derrick Hale, Cheryl Graham Solomon, members of the delegation.



## GREATER DETROIT FOREIGN TRADE ZONE, INC.



**W. STEVEN OLINEK**  
*Deputy Director, DWCPA  
Director, GDFTZ Inc.*

The Detroit/Wayne County Port Authority provides administrative services to Greater Detroit Foreign Trade Zone, Inc. (GDFTZ), one of the largest zone programs in the United States in terms of the value of products exported, and the number of zone sites. In recent years, local firms have annually shipped more than \$34 billion in goods from GDFTZ facilities. These goods have typically included automobiles, chemicals and auto parts. At the same time, more than \$2 billion in goods have been exported annually from the zone.

GDFTZ is a user-funded, Michigan non-profit corporation that provides competitive advantages to companies involved in international trade through deferral, reduction or elimination of U.S. Customs duties. Maximizing the use of foreign trade zones by existing and prospective businesses, GDFTZ helps ensure the competitive market position of firms involved in both international and domestic commerce.

The GDFTZ program is comprised of several private operators of general-purpose zone sites with facilities in Detroit, Ecorse, Riverview, Romulus, Trenton and Melvindale, Michigan. These general-purpose zones are usually warehouses that customize services and space to meet the needs of the user and are located at international port terminals, at the international airport, near the Ambassador Bridge, in manufacturing centers and at major interstate highway accesses. Besides automotive manufacturers, GDFTZ's mix of foreign trade zone operators includes such companies as: BASF Corporation, Marathon Ashland Petroleum, Northwest Airlines, Wacker Chemical Company and many others. New operators this year include Empire Electronics in Troy, Michelin Tire in Tecumseh and BP America in Romulus.

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## THE OLYMPIC MONITOR - FIRST SHIP TO ARRIVE AT PORT OF DETROIT

The Olympic Monitor, a Greek flagged vessel, was the first international ship to arrive at the Port of Detroit in 2005. It arrived at Nicholson Terminal & Dock Company on April 11, 2005. The Olympic Monitor had set sail from Antwerp Belgium on March 27, 2005, with a cargo of steel coils, under the command of Captain Evagelos Niforos. The Olympic Monitor is 600 feet long with a 76 foot beam. Piraeus, Greece is its home port.

The coveted J.L. Hudson Trophy was presented to World Shipping, the ship's agent, by Steven Olinek, at a luncheon meeting hosted jointly by the Detroit Propellor Club in cooperation with the Detroit/Wayne County Port Authority. The luncheon was held on Wednesday, April 13, 2005 at the Detroit Yacht Club on Belle Isle in Detroit. The luncheon officially celebrated the port opening.



# PORT OF DETROIT CARGO HANDLING SERVICES

## INTERNATIONAL AIR CARGO

Complete air services are available through Detroit. Services include direct international cargo and passenger flights, extensive domestic service, charters and U.S. Customs services. Shippers can export and import worldwide through Detroit. Air service is available through:

- Detroit Metropolitan/Wayne County Airport
- Detroit City Airport
- Oakland County International Airport
- Willow Run Airport

Service through Detroit avoids costly delays and lost cargo problems of other freight centers.

## INTERNATIONAL CARGO HANDLING SERVICES

The complex requirements of companies importing and exporting through Detroit are met by nearly 100 firms that specialize in serving those needs.

- Foreign freight forwarders act as agents for exporters and are licensed by the Federal Maritime Commission
- Customhouse brokers, licensed by the U.S. Treasury Department, enter and clear goods through U.S. Customs
- International Air Freight Forwarders handle air cargo and are licensed by the International Air Transportation Association
- Foreign trade zones provide duty-free storage and value-added services on goods with immediate release capability
- Export packaging and crating firms provide expert service for truck, air or ocean transportation
- Inventory and sequencing systems

All these services are expertly provided in Detroit by companies accustomed to the demands of industry and just-in-time distribution.

## OCEAN SHIPPING SERVICE

Detroit is directly linked by water to all world markets through the international port located on the Detroit and Rouge Rivers, 618 miles from the entrance to the St. Lawrence Seaway.

The Port of Detroit handles more than 22 million tons of cargo annually, including more than 6 million tons of foreign cargo and ranks as the third largest steel handling port in the U.S.

## FACILITIES

- 10 berths on the Detroit and Rouge Rivers provide ocean access through the St. Lawrence Seaway
- Completely equipped to handle all types of cargo from bulk to container, heavy-lift to roll on/ roll off
- Fully secured, guarded terminal facilities with covered and heated storage available
- Complete intercontinental rail service
- Ship repair, chandlery, bunkering and tug and barge services available
- International reputation for high productivity and damage-free cargo handling
- On-site U.S. Customs services
- Tug assistance
- Direct, regular service to Northern Europe
- Charter service throughout the world through 16 shipping lines
- Excellent intermodal connections with interstate highways and rail lines to U.S. midwest and Ontario, Canada
- London Metal Exchange approved port facilities

## RAIL SERVICE

Detroit is served by all major rail lines which link Detroit to major markets in the United States, Canada and Mexico. Port facilities, foreign trade zones, distribution centers and manufacturing facilities are linked to all of the rail lines.

## DISTRIBUTION SERVICES

Within 500 miles (800 km) of Detroit are:

- 46% of the U.S. population
- 46% of U.S. personal income
- 44% of Canada's population
- 45% of Canadian personal income

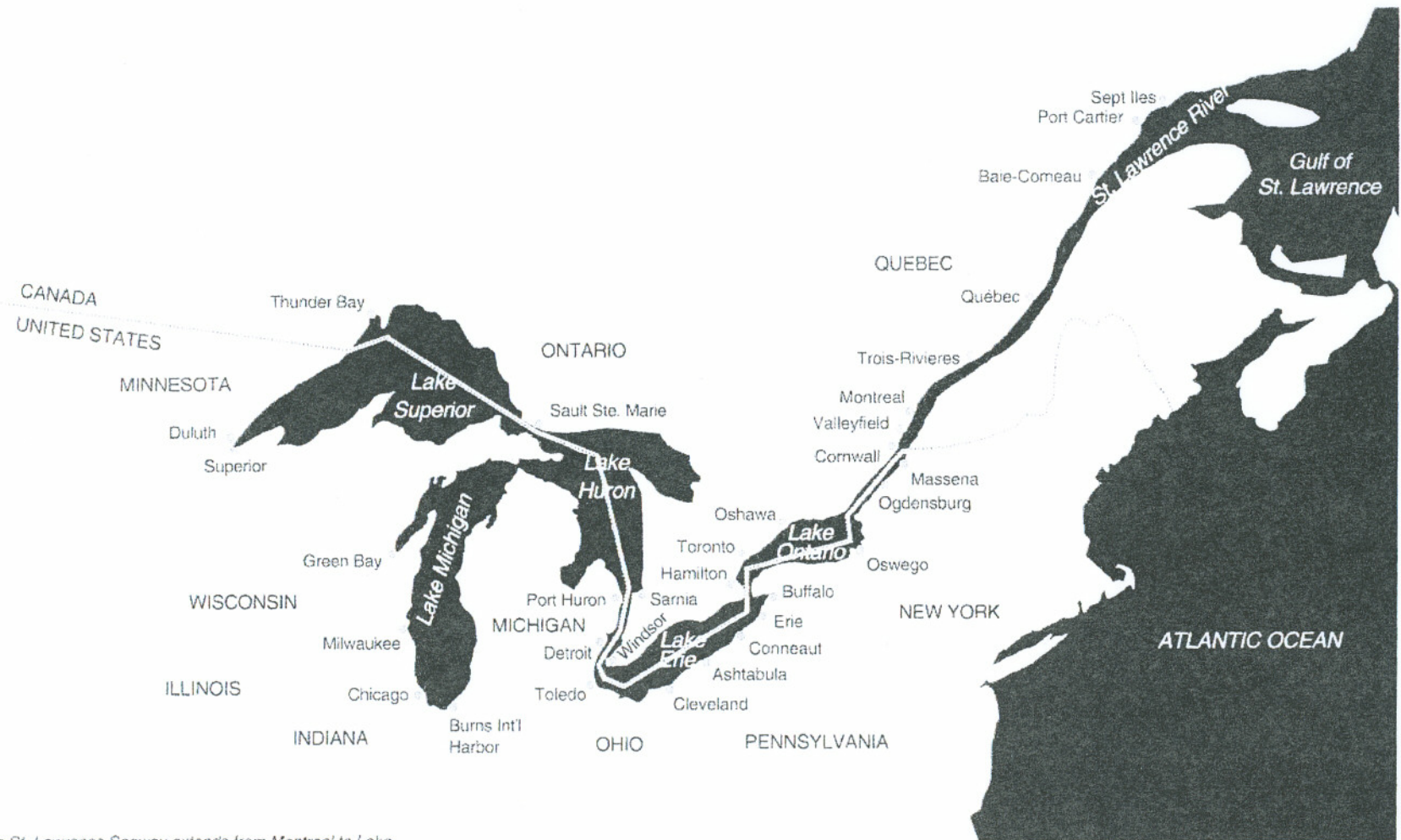
Detroit provides personalized, just-in-time services without the congestion and lost cargo problems of other distribution centers.



# *Notes*



# THE ST. LAWRENCE SEAWAY SYSTEM



The St. Lawrence Seaway extends from Montreal to Lake Erie and includes the Montreal-Lake Ontario section and the Welland Canal. The maximum allowable dimensions for vessels transiting the locks in those sections are:

Length: 222.5 meters (740 ft.)

Breadth: 23.8 meters (79 ft.)

Draught: 8.0 meters (26.3 ft.)

Air draught: 35.5 meters (116.5 ft.)



DETROIT/WAYNE COUNTY  
PORT AUTHORITY

**FINANCIAL STATEMENTS**

**September 30, 2006 and 2005**



## DETROIT/WAYNE COUNTY PORT AUTHORITY

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# George Johnson & Company

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## INDEPENDENT AUDITORS' REPORT

February 9, 2007

To the Board of Directors  
Detroit/Wayne County Port Authority  
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Detroit/Wayne County Port Authority (the "Authority") as of, and for the years ended, September 30, 2006 and 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. We also conducted our 2006 audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of September 30, 2006 and 2005, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 9, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (operating fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
CERTIFIED PUBLIC ACCOUNTANTS



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**September 30, 2006 and 2005**

---

This section of the annual report of the Detroit/Wayne County Port Authority (the "Authority") presents management's discussion and analysis of the Authority's financial performance during the fiscal years that ended on September 30, 2006 and 2005. Please read it in conjunction with the Authority's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The fiscal year ended September 30, 2006 was a period of continuous operational and financial improvements. During the year, revenue increased by 7.5 percent, and program expenses increased by 13.6 percent. As a result, net assets decreased by approximately \$144,600.

Key successes for the Authority this past year include the following:

- A \$450,000 federal grant from the Transportation Safety Administration to provide funding for the purchase of port security equipment was completed.
- An \$800,000 Environmental Protection Agency brownfield grant for environmental site investigations within the port of Detroit district was received.
- The restart of the port of Detroit completed its first full season.
- Construction of the new public dock and terminal began.
- The construction of a new \$43 million mixed-use facility for General Motors by issuing bonds was completed.
- A \$25,000 coastal zone management grant from the Michigan Department of Environmental Quality was received for the planning of a new Great Lakes environmental monitoring and interpretive center.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report contains two types of financial statements. The statements of net assets and statements of activities (which are presented on pages 8 and 9) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 10 and 12) are considered fund financial statements. A further discussion of each type of statement follows.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2006 and 2005**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements**

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of the Authority's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the Authority's net assets and how they have changed. Net assets represent the difference between the Authority's assets and liabilities, and they represent one way to measure the Authority's financial health, or position. Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Authority's funds, not the Authority as a whole. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

Most of the Authority's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 11 and 13 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 14, explain some of the information in the financial statements and provide more detailed data. A comparison of the Authority's operating fund revenue and expenditures to its budget is provided on page 24.



## DETROIT/WAYNE COUNTY PORT AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

September 30, 2006 and 2005

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects the condensed statements of net assets as of September 30, 2006, 2005, and 2004:

**Table 1****Statements of Net Assets****September 30, 2006, 2005, and 2004***(in thousands of dollars)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets:</b>			
Cash	\$ 522.2	\$ 917.0	\$ 636.9
Accounts receivable	189.3	234.6	204.3
Capital assets	4,786.8	4,819.0	2,728.1
Other assets	26.3	187.9	20.9
<b>Total Assets</b>	<u><b>5,524.6</b></u>	<u><b>6,158.5</b></u>	<u><b>3,590.2</b></u>
<b>Liabilities:</b>			
Long-term liabilities	1,990.1	2,125.1	-0-
Other liabilities	324.3	678.6	237.3
<b>Total Liabilities</b>	<u><b>2,314.4</b></u>	<u><b>2,803.7</b></u>	<u><b>237.3</b></u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	2,703.1	2,693.9	2,728.1
Unrestricted	507.1	660.9	624.8
<b>Total Net Assets</b>	<u><b>\$ 3,210.2</b></u>	<u><b>\$ 3,354.8</b></u>	<u><b>\$ 3,352.9</b></u>

Accounts receivable balances are reviewed for collectibility and are written off as necessary. During the year ended September 30, 2006, no allowance was considered necessary. Capital assets include the acquisition of the 35-acre port of Detroit marine cargo terminal.

Long-term liabilities decreased due to a reduction in the note payable associated with the acquisition of the port of Detroit marine terminal.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****September 30, 2006 and 2005****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 2 reflects the condensed statements of activities for the years ended September 30, 2006, 2005, and 2004:

**Table 2****Statements of Activities****For the Years Ended September 30, 2006, 2005, and 2004***(in thousands of dollars)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenue:</b>			
Program revenue:			
Contracts and grants	\$ 2,164.2	\$ 1,698.3	\$ 3,878.9
Other program revenue	125.0	400.0	-0-
General revenue:			
Administrative revenue	173.6	184.9	176.9
Other revenue	123.9	123.5	91.7
<b>Total Revenue</b>	<b>2,586.7</b>	<b>2,406.7</b>	<b>4,147.5</b>
<b>Expenses:</b>			
Import and export promotional programs	2,731.3	2,404.8	1,915.1
<b>Net Increase (Decrease) in Net Assets</b>	<b>(144.6)</b>	<b>1.9</b>	<b>2,232.4</b>
Net Assets, Beginning of Year	3,354.8	3,352.9	1,120.5
<b>Net Assets, End of Year</b>	<b>\$ 3,210.2</b>	<b>\$ 3,354.8</b>	<b>\$ 3,352.9</b>

Grant revenue increased significantly due to the federal highway grant for the public dock and terminal.

The Authority received a \$3 million reimbursement grant from the State of Michigan for the purpose of purchasing property and infrastructure improvements on the Detroit River along the new Riverwalk Conservancy. This grant will give the Authority an additional ongoing revenue stream from marine and port-related activities. The Authority will use future proceeds from its Tea-21 grant and future State of Michigan matches to construct a new public dock and terminal facility to further waterfront development and tourism. These projects are planned for completion in early 2008 and will further increase the Authority's waterfront presence.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2006 and 2005**

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**ECONOMIC FACTORS**

The Board of Directors and management have worked diligently to improve the financial position of the Authority and to implement plans and projects that will reduce the dependency for tax-based funding to meet administrative expenses. The Port of Detroit project to acquire the Detroit Marine Terminals property at the foot of Clark Street and Jefferson in Detroit and enter into an operating agreement with a new company was completed in July 2005 and completed its first full year of operation, returning to historical levels. This milestone to implement those plans and projects will substantially increase revenue to the Authority, promote economic development in the port district, and greatly improve commerce within the region.

The site for the new Public Dock and Terminal Facility was chosen to be a part of the new Riverwalk Conservancy, adjacent to General Motors' World Headquarters at the foot of Bates Street. Possession of the project parcel was taken in August 2004, and construction began in November 2005. The project is scheduled for completion in early 2008 so it will be available for the 2008 Great Lakes cruise ship season. This project will greatly promote tourism in southeast Michigan and have a very significant economic impact on the region. The Authority plans on moving its offices into the new Terminal Facility and reducing administrative expenses by terminating its current office lease.

The Authority has prioritized waterfront economic development and is using its legislatively enabled powers to aggressively seek grant monies from federal and state agencies to fund all categories of projects, promoting commerce, tourism, and environmental stewardship. This coming year, the Authority will receive and spend over \$10 million in grant monies that have been awarded for projects along the Detroit waterfront.

Presently, all of the projects that will have a significant economic impact for the Authority are in the implementation stages, and the full benefits will not be fully realized in the immediate future. The dependency of the Authority for continued tax-based funding for the administrative function is critical to the ongoing success of the Authority. Any significant reductions in the funding level of the Authority will result in a reduction of program services and the demonstrated benefits those projects and services provide.

**FINANCIAL CONTACT**

This financial report is designed to present its users with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer's office of the Detroit/Wayne County Port Authority at 8109 East Jefferson, Detroit, Michigan 48214.



DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF NET ASSETS**

**September 30, 2006 and 2005**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets:</b>		
Cash	\$ 522,179	\$ 917,034
Accounts receivable (no allowance considered necessary)	189,342	234,640
Prepaid expenses	13,213	13,999
Deposits	13,000	173,913
Capital assets (Note C):		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets, net	809,880	842,022
<b>Total Assets</b>	<b>5,524,554</b>	<b>6,158,548</b>
<b>Liabilities:</b>		
Accounts payable	48,328	24,295
Accrued expenses	182,367	554,373
Escrow deposit payable	-0-	100,000
Long-term liabilities (Note D):		
Due or expected to be paid within one year	93,565	-0-
Due or expected to be paid in more than one year	1,990,131	2,125,066
<b>Total Liabilities</b>	<b>2,314,391</b>	<b>2,803,734</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	2,703,124	2,693,896
Unrestricted	507,039	660,918
<b>Total Net Assets</b>	<b>\$ 3,210,163</b>	<b>\$ 3,354,814</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF ACTIVITIES**

**For the Years Ended September 30, 2006 and 2005**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Expenses:</b>		
Import and export promotional programs:		
Salaries, wages, and employee benefits	\$ 807,369	\$ 792,361
Contractual and professional services	126,870	261,841
Facility operations and maintenance	199,637	180,198
Office expenses	121,090	84,217
Site reclamation and redevelopment	1,004,847	798,167
Travel and automotive expenses	113,519	90,466
Conferences, dues, and subscriptions	85,813	81,632
Marketing and promotion	75,205	64,621
Interest expense	165,714	34,701
Depreciation (Note C)	31,236	16,636
<b>Total Program Expenses</b>	<b>2,731,300</b>	<b>2,404,840</b>
<b>Program Revenue:</b>		
Contracts and grants (Note F)	2,164,155	1,698,278
Reimbursement of bond issuance costs (Note G)	-0-	400,000
Project development and administration	125,000	-0-
<b>Total Program Revenue</b>	<b>2,289,155</b>	<b>2,098,278</b>
<b>Net Program Expense</b>	<b>442,145</b>	<b>306,562</b>
<b>General Revenue:</b>		
Administrative revenue (Note B)	173,635	184,905
Rental income	57,765	78,210
Interest income	16,411	10,320
Gain (loss) on disposition of capital assets	(1,753)	-0-
Miscellaneous income	51,436	35,000
<b>Total General Revenue</b>	<b>297,494</b>	<b>308,435</b>
<b>Net Increase (Decrease) in Net Assets</b>	<b>(144,651)</b>	<b>1,873</b>
Net Assets, Beginning of Year	3,354,814	3,352,941
<b>Net Assets, End of Year</b>	<b>\$ 3,210,163</b>	<b>\$ 3,354,814</b>

See notes to financial statements.



DETROIT/WAYNE COUNTY PORT AUTHORITY

**BALANCE SHEETS - GOVERNMENTAL FUNDS**

September 30, 2006 and 2005

	<b>Operating Fund</b>	
	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Cash	\$ 522,179	\$ 917,034
Accounts receivable (no allowance considered necessary)	189,342	234,640
Prepaid expenditures	13,213	13,999
Deposits	13,000	173,913
<b>Total Assets</b>	<b>\$ 737,734</b>	<b>\$ 1,339,586</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 48,328	\$ 24,295
Accrued expenses	129,590	503,194
Escrow deposit payable	-0-	100,000
<b>Total Liabilities</b>	<b>177,918</b>	<b>627,489</b>
<b>Fund Balance:</b>		
Unreserved	559,816	712,097
<b>Total Liabilities and Fund Balance</b>	<b>\$ 737,734</b>	<b>\$ 1,339,586</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO  
STATEMENTS OF NET ASSETS**

**September 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Total Fund Balances, Governmental Funds	\$ 559,816	\$ 712,097
Amounts reported for governmental activities in the statements of net assets differ from amounts reported in the governmental funds balance sheets due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets:		
Cost	924,782	1,047,727
Less: Accumulated depreciation	(114,902)	(205,705)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Note payable	(2,083,696)	(2,125,066)
Accrued payroll	<u>(52,777)</u>	<u>(51,179)</u>
<b>Total Net Assets, Governmental Activities</b>	<b><u>\$ 3,210,163</u></b>	<b><u>\$ 3,354,814</u></b>

See notes to financial statements.



DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS**

**For the Years Ended September 30, 2006 and 2005**

	<b>Operating Fund</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenue:</b>		
Contracts and grants (Note F)	\$ 2,164,155	\$ 1,698,278
Reimbursement of bond issuance costs (Note G)	-0-	400,000
Administrative revenue (Note B)	173,635	184,905
Project development and administration	125,000	-0-
Rental income	57,765	78,210
Interest income	16,411	10,320
Miscellaneous income	51,436	35,000
<b>Total Revenue</b>	<b>2,588,402</b>	<b>2,406,713</b>
<b>Expenditures:</b>		
Current:		
Salaries, wages, and employee benefits	805,771	767,315
Contractual and professional services	126,870	261,841
Facility operations and maintenance	199,637	180,198
Office expenses	121,090	84,217
Site reclamation and redevelopment	1,004,847	798,167
Travel and automotive expenses	113,519	90,466
Conferences, dues, and subscriptions	85,813	81,632
Marketing and promotion	75,205	64,621
Interest expense	165,714	34,701
Debt service (Note D)	41,370	-0-
Capital outlay (Note C)	847	2,107,512
<b>Total Expenditures</b>	<b>2,740,683</b>	<b>4,470,670</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(152,281)</b>	<b>(2,063,957)</b>
<b>Other Financing Sources:</b>		
Issuance of note (Note D)	-0-	2,125,066
<b>Net Increase (Decrease) in Fund Balances</b>	<b>(152,281)</b>	<b>61,109</b>
Fund Balances, Beginning of Year	712,097	650,988
<b>Fund Balances, End of Year</b>	<b>\$ 559,816</b>	<b>\$ 712,097</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF ACTIVITIES**

**For the Years Ended September 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Net Increase (Decrease) in Fund Balances, Governmental Funds	\$ (152,281)	\$ 61,109
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:		
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:		
Capital outlay	847	2,107,512
Less:		
Depreciation expense	(31,236)	(16,636)
Loss on disposition of capital assets	(1,753)	-0-
Certain expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. During the years presented, these amounts are as follows:		
Accrued payroll, beginning of year	51,179	26,133
Less: Accrued payroll, end of year	(52,777)	(51,179)
Proceeds issued on long-term debt are reported as a financing source, and repayment of long-term debt is reported as an expenditure in governmental funds, but the proceeds and repayment increase and decrease, respectively, long-term liabilities in the statements of net assets. During the years presented, these amounts are as follows:		
Issuance of note	-0-	(2,125,066)
Repayment of note payable	41,370	-0-
<b>Net Increase (Decrease) in Net Assets, Governmental Activities</b>	<b><u>\$ (144,651)</u></b>	<b><u>\$ 1,873</u></b>

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2006 and 2005**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

The Detroit/Wayne County Port Authority (the "Authority") was created by the Port Authority Act of 1978. The legislation enables the Authority to enter into contracts for the acquisition, improvement, enlargement, or extension of port facilities. The mission of the Authority is to plan, develop, and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and southeast Michigan as an import and export freight transportation and distribution hub for the United States, Canada, and the world marketplace.

For financial reporting purposes, the Authority is not a component unit of any other governmental entity. There are no fiduciary funds or component units included in the accompanying financial statements.

**Basis of Presentation**

The financial statements of the Authority consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

**Government-Wide Financial Statements**

The government-wide financial statements report information about all of the Authority's assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

**Fund Financial Statements**

For purposes of the fund financial statements, the accounts of the Authority are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following fund is used by the Authority:

**General Fund**

The operating fund is the general operating fund of the Authority. It is used to account for all financial resources other than those required to be accounted for in another fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2006 and 2005

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. Contracts and grants provided to support program activities, as well as project development and administration fees, are classified as program revenue. Administrative, rental, investment, and other income not directly associated with program services provided are classified as general revenue.

**Fund Financial Statements**

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

**Tax-Exempt Status**

No provision has been established for income taxes since the Authority is exempt from income taxes under Internal Revenue Code section 501(c)(4).

**Cash Deposits**

State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to the Authority. The Authority does not have a deposit policy for custodial credit risk.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2006 and 2005****NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Cash Deposits (continued)**

As of September 30, 2006 and 2005, the Authority's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2006</u>	<u>2005</u>
Carrying amount of deposits	\$ 522,179	\$ 917,034
Total bank balances	<u>\$ 583,598</u>	<u>\$ 1,137,500</u>
Uninsured and uncollateralized bank balances	<u>\$ 383,598</u>	<u>\$ 937,500</u>

**Capital Assets**

Capital assets are recorded at historical cost. The Authority capitalizes all expenditures for furniture, fixtures, and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense. Renewals or betterment which extend the life or increase the value of the properties are capitalized and depreciated over the remaining useful lives of the related assets.

**Compensated Absences**

Vacation time is accrued in the government-wide financial statements as earned. Employees are allowed to carry over a maximum of 40 days. Upon termination, employees are entitled to their unused accumulated vacation time.

Sick time is accrued in the government-wide financial statements as earned. Employees are allowed to carry over all sick time. Upon termination, employees forfeit their unused accumulated sick time.

In the fund financial statements, only the matured liability for compensated absences is recorded. The total liability for vacation is reported in the government-wide financial statements.

**NOTE B - ADMINISTRATIVE REVENUE**

The Authority provides administrative services for Greater Detroit Foreign Trade Zone, Inc. ("GDFTZ"). Total fees were \$173,635 and \$184,905 for the years ended September 30, 2006 and 2005, respectively. The balance receivable from GDFTZ as of September 30, 2006 and 2005 was \$42,460 and \$15,409, respectively.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2006 and 2005**

**NOTE C - CAPITAL ASSETS**

Nondepreciable capital asset activity for the years ended September 30, 2006 and 2005 is as follows:

	<u>Land</u>
Balance, October 1, 2004	\$ 2,700,000
Acquisitions	<u>1,276,940</u>
<b>Balance, September 30, 2005</b>	<b><u>3,976,940</u></b>
<b>Balance, September 30, 2006</b>	<b><u>\$ 3,976,940</u></b>

Depreciable capital asset activity for the years ended September 30, 2006 and 2005 is as follows:

	<u>Building</u>	<u>Office Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
<b>Cost:</b>				
Balance, October 1, 2004	\$ -0-	\$ 130,843	\$ 86,312	\$ 217,155
Acquisitions	<u>826,060</u>	<u>4,512</u>		<u>830,572</u>
<b>Balance, September 30, 2005</b>	<b>826,060</b>	<b>135,355</b>	<b>86,312</b>	<b>1,047,727</b>
Acquisitions		847		847
Less: Dispositions		<u>(95,523)</u>	<u>(28,269)</u>	<u>(123,792)</u>
<b>Balance, September 30, 2006</b>	<b><u>\$ 826,060</u></b>	<b><u>\$ 40,679</u></b>	<b><u>\$ 58,043</u></b>	<b><u>\$ 924,782</u></b>
<b>Accumulated Depreciation:</b>				
Balance, October 1, 2004	\$ -0-	\$ 111,249	\$ 77,820	\$ 189,069
Depreciation expense	<u>4,413</u>	<u>8,481</u>	<u>3,742</u>	<u>16,636</u>
<b>Balance, September 30, 2005</b>	<b>4,413</b>	<b>119,730</b>	<b>81,562</b>	<b>205,705</b>
Depreciation expense	21,181	7,914	2,141	31,236
Less: Dispositions		<u>(94,974)</u>	<u>(27,065)</u>	<u>(122,039)</u>
<b>Balance, September 30, 2006</b>	<b><u>\$ 25,594</u></b>	<b><u>\$ 32,670</u></b>	<b><u>\$ 56,638</u></b>	<b><u>\$ 114,902</u></b>
<b>Net Depreciable Capital Assets:</b>				
Balance, September 30, 2005	<u>\$ 821,647</u>	<u>\$ 15,625</u>	<u>\$ 4,750</u>	<u>\$ 842,022</u>
Balance, September 30, 2006	<b><u>\$ 800,466</u></b>	<b><u>\$ 8,009</u></b>	<b><u>\$ 1,405</u></b>	<b><u>\$ 809,880</u></b>



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2006 and 2005****NOTE D - LONG-TERM LIABILITIES**

During the year ended September 30, 2005, the Authority entered into a Master Concession Agreement with the Ambassador Port Company ("Ambassador") which gives Ambassador the right to operate the Authority's port facilities. In connection with the Master Concession Agreement, the Authority borrowed \$2,103,000 from Ambassador. The related note agreement includes a provision for the possible advance of future amounts by Ambassador for the purpose of paying certain operating and expansion costs of the facilities associated with the Master Concession Agreement.

The note bears interest at a rate defined in the Master Concession Agreement as 300 basis points over the yield to maturity of five-year United States Treasury notes as published in a respected financial journal. The interest rate can never be less than six percent. The rates in effect as of September 30, 2006 and 2005 were 7.59 percent and 7.10 percent, respectively. Repayment of the note is based on revenue received by the Authority under relevant sections of the Master Concession Agreement.

Long-term liability activity for the years ended September 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 2,125,066	\$ -0-
Additions	-0-	2,125,066
Less: Repayments	<u>(41,370)</u>	<u>-0-</u>
<b>Balance, End of Year</b>	<b><u>\$ 2,083,696</u></b>	<b><u>\$ 2,125,066</u></b>
Amounts due within one year	<u>\$ 93,565</u>	<u>\$ -0-</u>

Maturities of long-term liabilities are estimated to be as follows as of September 30, 2006:

<b>For the Years</b>			
<b><u>Ending September 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2007	\$ 93,565	\$ 156,435	\$ 250,000
2008	101,801	148,199	250,000
2009	109,751	140,249	250,000
2010	118,321	131,679	250,000
2011	127,560	122,440	250,000

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2006 and 2005

**NOTE D - LONG-TERM LIABILITIES (CONTINUED)**

<b><u>For the Years Ending September 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2012-2016	\$ 803,711	\$ 446,289	\$ 1,250,000
2017-2021	728,987	102,896	831,883
	<b><u>\$ 2,083,696</u></b>	<b><u>\$ 1,248,187</u></b>	<b><u>\$ 3,331,883</u></b>

The estimated maturities in the preceding schedule are based on the assumption that the effective interest rate each year will be 7.59 percent, which is equal to the effective interest rate as of September 30, 2006, and that the revenue received by the Authority under the relevant sections of the Master Concession Agreement will be \$250,000 each year. Due to the nature of these assumptions and the uncertainties inherent in setting these assumptions, it is at least reasonably possible that changes in the near term to these assumptions would be material to the preceding schedule.

**NOTE E - LEASES**

The Authority leases a building for office space under an operating lease. The lease has a five-year renewal option exercisable through August 2006, with the ability to terminate the lease at any time with six months' notice.

The Authority leased office equipment under an operating lease. The term of this lease expired in December 2005.

The following is a schedule by years of future minimum lease payments under operating leases as of September 30, 2006:

<b><u>For the Years Ending September 30</u></b>	<b><u>Amount</u></b>
2007	\$ 53,810
2008	10,762
	<b><u>\$ 64,572</u></b>

Rental expense under operating leases for the years ended September 30, 2006 and 2005 was \$120,500 and \$115,000, respectively.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2006 and 2005**

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**NOTE F - CONTRACTS AND GRANTS**

The Authority has entered into contracts with the following governmental entities from which the Authority receives operating funds:

**State of Michigan**

The Authority's contract with the Michigan Department of Transportation ("MDOT") is renewed annually unless a notice to terminate is requested by either party. The amount of funding for future years under the contract will be negotiated annually.

**County of Wayne**

The Authority receives a line-item appropriation in the budget of the County of Wayne. The amount of funding for future years under the appropriation will be negotiated annually.

**City of Detroit**

The Authority's contract with the City of Detroit is renewed annually unless a notice to terminate is requested by either party. The amount of funding for future years under the contract will be negotiated annually.

The Authority has also obtained the following grants:

**Federal Highway Grant**

The Authority received a reimbursement grant from MDOT to perform environmental studies on specific properties. Reimbursable costs incurred under this grant for the years ended September 30, 2006 and 2005 have been recorded as grant revenue in the accompanying financial statements.

**Waterfront Redevelopment Grant**

On July 3, 2003, the Authority received a \$3 million reimbursement grant from the Michigan Department of Environmental Quality ("MDEQ") for the purpose of purchasing property to enhance public access to the riverfront through improvements to the infrastructure. The grant agreement expired on August 4, 2004. Reimbursable costs incurred under this grant for the years ended September 30, 2006 and 2005 have been recorded as grant revenue in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2006 and 2005**

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**NOTE F - CONTRACTS AND GRANTS (CONTINUED)**

**Port Security Grant**

The Authority received a \$450,000 grant from the Transportation Safety Administration to provide funding for the purchase of port security equipment. Reimbursable costs incurred under this grant for the years ended September 30, 2006 and 2005 have been recorded as grant revenue in the accompanying financial statements. Total expenditures of the fund may not exceed 30 percent of the funded amount.

**Brownfield Grant**

The Authority received a \$400,000 Brownfield grant from the Environmental Protection Agency for environmental site investigations within the port of Detroit district. The Authority provides status reports on a quarterly basis, and the grant agreement expires on September 1, 2006. Reimbursable costs incurred under this grant for the years ended September 30, 2006 and 2005 have been recorded as grant revenue in the accompanying financial statements.

**Michigan Department of Environmental Quality Design Grant**

The Authority received a \$20,040 grant from the MDEQ to provide funding for the design and planning of the Authority's Environmental Monitoring Station and the Great Lakes Educational Center. The grant provides 50 percent of the total cost incurred for the project from January 1, 2005 through March 31, 2006.

**Ambassador Port Revenue**

The Authority entered into a Master Concession Agreement with Ambassador. The Authority's main purpose for entering into this agreement is to cause a dormant port facility to resume operations. The parties agreed that the Authority is to be compensated for out-of-pocket and administrative costs that the Authority incurs. According to the Master Concession Agreement, Ambassador shall pay the Authority 2.5 percent of gross receipts received in each quarter, less all outstanding interest that accrued during that quarter, any default interest due, and any interest accrued during prior quarters that was added to the principal amount of the promissory note. During the years ended September 30, 2006 and 2005, the Authority was reimbursed \$207,043 and \$26,272 for costs incurred, which was recorded as contract revenue.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2006 and 2005

**NOTE F - CONTRACTS AND GRANTS (CONTINUED)**

Total contract and grant revenue is summarized as follows:

	<u>2006</u>	<u>2005</u>
State of Michigan	\$ 500,000	\$ 500,000
County of Wayne	315,000	315,000
City of Detroit	250,000	250,000
Federal highway grant	673,577	45,048
Waterfront redevelopment grant	91,343	91,164
Port security grant	-0-	439,194
Brownfield grant	107,152	31,600
MDEQ design grant	20,040	-0-
Ambassador port revenue	207,043	26,272
	<u><u>\$ 2,164,155</u></u>	<u><u>\$ 1,698,278</u></u>

**NOTE G - BOND ISSUANCE COSTS**

The Authority negotiated with its underwriter to issue \$5,950,000 in variable rate demand revenue bonds to finance the acquisition of leasehold interests of a port terminal facility and to defease existing bonds issued to finance a port facility. The Authority intended to use proceeds from a management and operating agreement with a cargo terminal facility company to make the bond payments. During the year ended September 30, 2004, the Authority decided not to issue any bonds. The bond issuance costs incurred in connection with this transaction were reimbursed to the Authority during the year ended September 30, 2005 and were included in that year's revenue in the accompanying financial statements.

**NOTE H - RISK MANAGEMENT**

Given the normal activities of the Authority and the relatively low rate of claims and lawsuits experienced in the Authority's past history, the risk involved in the Authority's operations is minimal and, in management's opinion, is sufficiently covered by insurance policies.

**REQUIRED SUPPLEMENTARY INFORMATION**



DETROIT/WAYNE COUNTY PORT AUTHORITY

**SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - OPERATING FUND (UNAUDITED)**

For the Years Ended September 30, 2006 and 2005

	2006				2005			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenue:</b>								
Contracts and grants	\$ 1,065,000	\$ 1,065,000	\$ 2,164,155	\$ 1,099,155	\$ 1,065,000	\$ 1,065,000	\$ 1,698,278	\$ 633,278
Reimbursement of bond issuance costs				-0-			400,000	400,000
Administrative revenue	176,856	176,856	173,635	(3,221)	184,905	184,905	184,905	-0-
Project development and administration			125,000	125,000				-0-
Rental income	86,810	86,810	57,765	(29,045)	93,308	93,308	78,210	(15,098)
Interest income	5,509	5,509	16,411	10,902	1,977	1,977	10,320	8,343
Miscellaneous income			51,436	51,436			35,000	35,000
<b>Total Revenue</b>	<b>1,334,175</b>	<b>1,334,175</b>	<b>2,588,402</b>	<b>1,254,227</b>	<b>1,345,190</b>	<b>1,345,190</b>	<b>2,406,713</b>	<b>1,061,523</b>
<b>Expenditures:</b>								
Current:								
Salaries, wages, and employee benefits	877,640	877,640	805,771	71,869	843,458	843,458	767,315	76,143
Contractual and professional services	73,500	73,500	126,870	(53,370)	147,500	147,500	261,841	(114,341)
Facility operations and maintenance	142,000	142,000	199,637	(57,637)	151,037	151,037	180,198	(29,161)
Office expenses	114,780	114,780	121,090	(6,310)	96,980	96,980	84,217	12,763
Site reclamation and redevelopment			1,004,847	(1,004,847)			798,167	(798,167)
Travel and automotive expenses	64,560	64,560	113,519	(48,959)	45,660	45,660	90,466	(44,806)
Conferences, dues, and subscriptions	41,695	41,695	85,813	(44,118)	21,255	21,255	81,632	(60,377)
Marketing and promotion	20,000	20,000	75,205	(55,205)	39,300	39,300	64,621	(25,321)
Interest expense			165,714	(165,714)			34,701	(34,701)
Debt service			41,370	(41,370)				-0-
Capital outlay			847	(847)			2,107,512	(2,107,512)
<b>Total Expenditures</b>	<b>1,334,175</b>	<b>1,334,175</b>	<b>2,740,683</b>	<b>(1,406,508)</b>	<b>1,345,190</b>	<b>1,345,190</b>	<b>4,470,670</b>	<b>(3,125,480)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>-0-</b>	<b>-0-</b>	<b>(152,281)</b>	<b>(152,281)</b>	<b>-0-</b>	<b>-0-</b>	<b>(2,063,957)</b>	<b>(2,063,957)</b>
<b>Other Financing Sources:</b>								
Issuance of note				-0-			2,125,066	2,125,066
<b>Net Increase (Decrease) in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (152,281)</b>	<b>\$ (152,281)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 61,109</b>	<b>\$ 61,109</b>

See note to schedules of revenue and expenditures - budget and actual (operating fund).

DETROIT/WAYNE COUNTY PORT AUTHORITY

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES -  
BUDGET AND ACTUAL - OPERATING FUND (UNAUDITED)**

**For the Years Ended September 30, 2006 and 2005**

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**NOTE A - BUDGETS AND BUDGETARY ACCOUNTING**

The Detroit/Wayne County Port Authority (the "Authority") establishes a budget that is reflected in the financial statements for the operating fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to and approved by the Authority's Board of Directors. No amendments to the budget were made during the year. Appropriations are authorized by the Authority's management. Unexpended appropriations lapse at the end of the fiscal year.